

**ASSEMBLY BILL**

**No. 2280**

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**Introduced by Assembly Member Miller**

February 18, 2010

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An act to add Section 6377 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2280, as introduced, Miller. Sales and use taxes: exemption: business equipment.

The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. That law provides various exemptions from those taxes.

This bill would exempt from those taxes the sale of, and the storage, use, or other consumption in this state of, equipment purchased by a manufacturer for use in its manufacturing business in this state.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in conformity with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated in these laws. Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse cities and counties for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 6377 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 6377. There are exempt from the taxes imposed by this part
- 4 the gross receipts from the sale of, and the storage, use, or other
- 5 consumption in this state of, equipment purchased by a
- 6 manufacturer for use in its manufacturing business in this state.
- 7 SEC. 2. Notwithstanding Section 2230 of the Revenue and
- 8 Taxation Code, no appropriation is made by this act and the state
- 9 shall not reimburse any local agency for any sales and use tax
- 10 revenues lost by it under this act.
- 11 SEC. 3. This act provides for a tax levy within the meaning of
- 12 Article IV of the Constitution and shall go into immediate effect.